

Message Text

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ORIGIN STR-04

INFO OCT-01 EA-07 IO-13 ISO-00 EB-07 TRSE-00 COME-00

AGRE-00 FEA-01 INRE-00 CEA-01 CIAE-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 ITC-01 PRS-01 SP-02 OMB-01

USIE-00 /090 R

DRAFTED BY STR:HHENTGES:KAM

APPROVED BY EB:JLKATZ

TREAS:WBARREDA

COMM:FMONTGOMERY

AGRI:GFRASER

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O 041822Z DEC 76

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO IMMEDIATE

INFO USDEL MTN GENEVA IMMEDIATE

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E.O. 11652: N/A

TAGS: ETRD, JA

SUBJECT: STEEL CONSULTATIONS ITH JAPAN

1. SUMMARY: TRADE POLICY REVIEW GROUP REVIEWED THE DESIRABILITY OF U.S. DEL DISCUSSING OUTSTANDING BILATERAL TRADE ISSUES, WHILE IN TOKYO FOR CONSULTATIONS ON STEEL. GROUP AGREED THAT WHILE A BROAD SCALE DISCUSSION OF U.S. REQUESTS IN THE TRADE AREA IS NOT TIMELY, U.S. DEL MAY AT HIS DISCRETION RAISE PARTICULAR TRADE PROBLEMS. THIS SHOULD NOT BE RELATED TO THE STEEL DISCUSSIONS AT THIS TIME. END SUMMARY.

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2. AT DECEMBER 2 MEETING, TPRG DISCUSSED POSSIBLE BENEFITS TO BE OBTAINED FROM THE GOJ IN LIGHT OF PRESENCE OF U.S. REPS IN TOKYO AND POSSIBLE SUBSEQUENT VISIT THERE BY STR IN JANUARY. TPRG MEMBERS AGREED THAT TIMING IS NOT PROPITIOUS FOR PRESENTING A LONG LIST OF REQUESTS TO THE GOJ AND THAT FOR THE MOST PART U.S. DEL SHOULD CONFINE ITSELF TO STEEL ISSUE. HOWEVER, OUTSIDE THE CONTEXT OF THE FORMAL CONSULTATIONS IT MAY BE HELPFUL TO POINT TO SOME SPECIFIC PROBLEM AREAS WHERE U.S. STRONGLY DESIRES THE EASING OF TRADE BARRIERS.

3. SPECIFIC ISSUES ON WHICH IT MAY BE HELPFUL TO ENGAGE IN A DISCUSSION WITH GOJ OFFICIALS ARE LISTED BELOW. EMBASSY OFFICERS CAN GIVE US DEL FURTHER DETAILS. SUCH A DISCUSSION WOULD SERVE TO FURTHER EMPHASIZE TO THE GOJ CONTINUING INTEREST OF THE US IN THESE AREAS. US DEL SHOULD NOT REPEAT NOT, HOWEVER, LINK THESE DISCUSSIONS TO THE STEEL TALKS.

A. ISSUE: USE OF FUNGICIDES. JAPANESE HEALTH AUTHORITIES ARE SLOW IN THEIR APPROVAL OF OPP, THOUGH TEST RESULTS HAVE BEEN AVAILABLE FOR QUITE SOME TIME.

B. ISSUE: IMPORT POLICY ON LEATHER. JAPAN MAINTAINS A HIGH TARIFF AND A QUOTA ON THE IMPORTS OF LEATHER. JAPANESE TANNERS HAVE CONTACTED MITI TO RECOMMEND AN INCREASE IN THE CURRENT QUOTA ALONG WITH A SIGNIFICANT DECREASE IN THE CURRENT TARIFF RATE. WHILE ACTIONS ALONG THESE LINES BY MITI SEEM LIKELY, THIS HAS NOT BEEN CONFIRMED. WHILE WE APPRECIATE THE SENSITIVITY OF THIS ISSUE FOR JAPAN, LIBERALIZATION IN THIS AREA WOULD BE WELCOME IN VIEW OF A POSSIBLE SECTION 301 PETITION BY U.S. LEATHER INDUSTRY.

C. ISSUE: TARIFF DISPARITY BETWEEN U.S. AND JAPANESE RATES ON: (1) COMPUTERS: COMPUTERS AND COMPUTER PARTS IMPORTED INTO JAPAN FROM THE UNITED STATES ARE DUTIABLE AT 13.5 FOR CENTRAL PROCESSOR UNITS AND 22.5 PERCENT FOR ALL PERIPHERAL EQUIPMENT, E.G. INPUT-OUTPUT TERMINALS, PRINTERS, ADDITIONAL MEMORY UNITS, AND VIDEO DISPLAY SCREENS. LIMITED OFFICIAL USE

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WITH CUSTOMS UPLIFT ON INTER-COMPANY TRANSACTIONS, THE JAPANESE WOULD COLLECT 19 AND 28 PERCENT RESPECTIVELY. (THIS COMPARES TO A U.S. DUTY OF 5.5 PERCENT). OF 408 MILLION DOLLARS OF COMPUTERS AND COMPUTER PARTS (C.I.F. BASIS) IMPORTED INTO JAPAN DURING 1975, AND 193 MILLION DOLLARS IMPORTED IN THE FIRST SIX MONTHS OF 1976, SLIGHTLY MORE THAN 50 PERCENT WAS FROM THE UNITED STATES. (2) COLOR FILM IMPORTED INTO THE UNITED STATES. JAPAN'S TOTAL

IMPORTS OF COLOR FILM (C.I.F. BASIS) WERE 31 MILLION DOLLARS FOR 1975 AND 20 MILLION DOLLARS FOR THE FIRST SIX MONTHS OF 1976. OF THIS AMOUNT, ABOUT 97 PERCENT CAME FROM THE UNITED STATES. JAPANESE DUTY IS 16 PERCENT, U.S. DUTY IS 5 PERCENT.

D. ISSUE: JAPANESE AUTOMOTIVE ENVIRONMENTAL AND SAFETY STANDARDS. THE ISSUE OF CERTIFICATION PROCEDURES APPEARS UNDER CONTROL AT PRESENT AND THE MVMA IS QUITE PLEASED WITH THE CHANGES. ON ANOTHER POINT, IT IS REPORTED THAT IN THE NEGOTIATIONS WITH THE EC, THE GOJ AGREED TO SEND PERMANENT INSPECTORS TO EUROPE TO CERTIFY AUTOMOBILES. A JAPANESE TEAM IS THERE NOW AND THEY ARE DIVIDING THEIR WORK INTO TWO CATEGORIES I.E., "IMPORTANT" AND "NOT SO

IMPORTANT". THE "NOT SO IMPORTANT" ARE BEING CERTIFIED AT PRIVATE OR GOVERNMENT TESTING FACILITIES NOW. THE "IMPORTANT" CATEGORY WILL HAVE TO AWAIT BUDGET APPROVAL FOR FULL TIME INSPECTORS TO REMAIN IN EUROPE. ON EMISSION STANDARDS, THE GOJ MAY DECIDE TO POSTPONE IMPLEMENTATION OF 1978 EMISSION STANDARDS FOR TWO YEARS ON IMPORTS (ALTHOUGH MITI AND MOFA HAD SUPPORTED AN OPEN-ENDED POSTPONEMENT). WE WOULD CERTAINLY EXPECT THAT ANY CONCESSION THE GOJ MADE TO THE EC ON AUTOMOBILES WOULD BE NON-DISCRIMINATORY, AND THUS EQUALLY AVAILABLE TO THE U.S. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, FOREIGN TRADE, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 04 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: saccheem
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE296230
Document Source: CORE
Document Unique ID: 00
Drafter: HHENTGES:KAM
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760449-0868
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761271/aaaacjgo.tel
Line Count: 141
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: saccheem
Review Comment: n/a
Review Content Flags:
Review Date: 14 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <14 MAY 2004 by woolflhd>; APPROVED <07 SEP 2004 by saccheem>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: STEEL CONSULTATIONS ITH JAPAN
TAGS: ETRD, JA
To: TOKYO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006